



THE CITY OF SAN DIEGO **MANAGER'S REPORT**

DATE ISSUED: June 6, 2001 REPORT NO. 01-117

ATTENTION: Honorable Mayor and City Council
Docket of June 12, 2001

SUBJECT: Agreement with The Century Club of San Diego for Improvements at
Torrey Pines Golf Course

SUMMARY

Issues - Shall City Council:

1. Approve an agreement with The Century Club of San Diego in order to accelerate construction of course improvements at Torrey Pines Golf Course?
2. Authorize the Golf Operations Manager to discount green fees as-needed during the FY 2002, 7-month South Golf Course greens re-construction window from July, 2001 through January, 2002, in order to retain play and maximize revenue?

Manager's Recommendations - Approve the agreement with The Century Club of San Diego attached to this report, and authorize green fee discounts during FY 2002 course construction.

Fiscal Impacts - None to the General Fund. The Torrey Pines South Golf Course would benefit in FY 2002 from accelerated greens reconstruction and other necessary course improvements at a value of at least \$3,000,000, conditioned on the City reimbursing The Century Club of San Diego \$950,000 from the Golf Operations Enterprise Fund if funds for reconstruction of 18 greens on Torrey Pines South and one practice green are allocated by City Council at any time through FY 2008. When golf course improvements are constructed, "costs of doing business" include reduced volume of play and reduced fees golfers are willing to pay for conditions which inconvenience them. It is likely that the demand for play at Torrey Pines South will decline whenever the 7-month course greens re-construction period is scheduled. If green fees are discounted during this period from the new, higher FY 2002 rates recommended by the Natural Resources and Culture (NR&C) Committee on April 18, 2001, the estimated net additional revenue to the Golf Operations Enterprise Fund in FY 2002 over FY 2001 would be about \$2,015,900, instead of the \$2,850,000 figure projected for FY 2002 in Manager's Report No. 01-067, dated April 5, 2001.

BACKGROUND

Torrey Pines Golf Course was constructed in 1957 and is a municipally owned and operated facility with two championship 18-hole courses, Torrey Pines North and Torrey Pines South. The course is entirely self-supporting within a Golf Operations Enterprise Fund. The condition of the greens is the single biggest factor affecting quality of play for all levels of golf. The greens at Torrey Pines were last renovated nearly 20 years ago and are showing signs of compaction and deterioration consistent with many years of very heavy play: nearly 100,000 rounds of golf on each course each year. On April 18, 2001, NR&C unanimously voted to recommend that City Council designate “greens reconstruction” at Torrey Pines as the first priority for future golf course improvements, and additionally recommended FY 2002 Golf Operations green fee increases in order to begin financing these and other course improvements. If NR&C’s recommendations are adopted by City Council on June 5, 2001, the expectation is that the \$1.9 million to reconstruct 38 greens to an acceptable level at \$50,000 per green, could be accrued by the Golf Operations Enterprise Fund during FY 2002. This would allow construction of the 18 South Course greens and one practice green during the period of July, 2001 through January, 2002. This construction schedule avoids the mid-July Junior World Tournament while still allowing enough time for the greens to recover before the February PGA TOUR “Buick Invitational” event. Since major construction on a golf course should usually be separated by an interval of at least a year, construction of the 18 North Course greens and one practice green would probably not occur until July, 2003 through January, 2004.

Since the current condition of the greens has begun to affect quality of play for the highest caliber players, the Professional Golfers Association (PGA) rated the quality of the greens during the February, 2001 PGA TOUR Buick Invitational Golf Tournament at Torrey Pines Golf Course as “needs improvement.” As a result, The Century Club of San Diego, the organization that produces the Buick Invitational at Torrey Pines Golf Course for the City, and has an agreement to do so through 2002, believes it is essential to reconstruct at least the 18 greens on Torrey Pines South (where the final two rounds of the tournament are played) plus one practice green, to a championship level, prior to the February, 2002 PGA TOUR event.

To accomplish this, the work must begin in July, 2001 and be completed by the end of January 2002 to be ready for tournament play in February, 2002. Since this is in advance of the City’s time line, The Century Club of San Diego has offered to fund the design and construction of Torrey Pines South’s 18 greens, one practice green, realigned fairways, and new tees and bunkers. At least the greens reconstruction, and possibly all of the work, will be completed by The Century Club in time for the PGA TOUR event in February, 2002. These improvements would meet the PGA standards for a TOUR event without increasing the level of difficulty for the average player. If authorized by the City Council at any time through FY 2008, the Golf Enterprise Fund will reimburse The Century Club for the reconstruction of the 19 greens.

DISCUSSION

This is a wonderful opportunity for the City to obtain greens reconstruction and other improvements on Torrey Pines South Golf Course more quickly, and at higher quality, than the Golf Operations Enterprise Fund would otherwise be able to afford. The Century Club of San Diego is willing to make this commitment as part of its long-term partnership on the PGA TOUR event with the City of San Diego and Torrey Pines Golf Course.

Much of the continuing success of San Diego's PGA TOUR event, which currently has an estimated \$28 million economic impact to the region each year, can be attributed to the non-profit Century Club, which was founded in 1961 as an organization of civic and charity-minded golf enthusiasts. The net earnings of The Century Club are used solely for charitable purposes. Since 1968, they have donated over \$4.5 million to local charities. The Century Club provides the primary support for the San Diego County Junior Golf Association, which has produced numerous professional and top ranked amateur players over the years, including Tiger Woods, Phil Mickelson, Tom Watson, Craig Stadler and Corey Pavin. The Club's donations to other charities and golf-related activities in the San Diego community include the Save Our Sports (SOS) Program, The Century Club Matches, the Annual Amateur Qualifying event, sponsorship of junior clinics and involvement with the Pro Kid's Golf Academy. The Century Club's major fund raiser is the PGA TOUR event, which began as the San Diego Open in 1952 and moved to Torrey Pines Golf Course as the Andy Williams Open in 1968. The event boasts an impressive list of former champions including such golf greats as Arnold Palmer, Billy Casper, Gary Player, Jack Nicklaus, Tom Watson, Johnny Miller, Craig Stadler, Davis Love III, Mark O'Meara, Tiger Woods and Phil Mickelson.

In investigating championship level greens reconstruction, The Century Club contracted with Mr. Rees Jones, one of the top golf course architects in the country today. Golf course restoration designed by Rees Jones would further enhance the already outstanding reputation of Torrey Pines Golf Course. The Century Club is prepared to contract, administer and pay all costs of the improvements. During construction, temporary greens will permit continued play on the South Course.

ALTERNATIVES

1. Wait until July, 2002 to begin reconstruction of the 18 greens on Torrey Pines South plus one practice green, using funds accrued in the Golf Operations Enterprise Fund during FY 2002, in preparation for the February, 2003 PGA TOUR event. At a minimum, this would result in another year of "needs improvement" or worse rating of the Torrey Pines greens by the PGA.
2. Do not take any action at this time pending further review of the Proposed Golf Operations Business Plan by NR&C. This delay would forfeit the opportunity to reconstruct the greens beginning in July, 2001 in preparation for the February, 2002 PGA TOUR event.

Respectfully submitted,

Marcia C. McLatchy
Park and Recreation Director

Approved: George I. Loveland
Senior Deputy City Manager

McLATCHY/TW

Attachment: 1. Agreement with The Century Club for Improvements of Torrey Pines Golf Course